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5 ways to kick start your business in the new financial year

By [Mike Clark](#) on Thursday, 23 July 2009

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In the lead up to end of the

financial year, many small business owners made the mistake of making tax reductions their number one goal, and as a result now face a challenging new year. But there are ways to minimise the impact on the business, and start fresh in the new financial year.

The end of financial year has seen many small business owners adopting inefficient tax practices, with a significant number taking up the Government's 50 percent Investment Allowance, purchasing expensive items like cars and computers to take advantage of the tax reduction. At the advice of their tax agents, some business owners have also bought stock for the next financial year, prepaid their overhead expenses and delayed debt collections until the new year, in an attempt to reduce their profits and their tax bills.

Business owners that have adopted these measures now face a challenging situation in the new financial year, with the following factors impacting on their business:

- Reduced cash flow, restricted by the increased expenditures
- Limited ability to attract new business, with less cash to invest in marketing and production resources
- Reduced value of the business, as a result of reduced profit
- Inability to accurately measure and analyse business performance, due to the delaying of account finalisation and preparing of expenses

However, it's not too late for these business owners to fix their situation around. In my experience with small businesses, I've found that there are five top strategies for businesses to start fresh in the new financial year. They are as follows:

- Create a financial growth strategy for the next 12 months. Businesses need to be setting 2009-2010's KPIs and performance objectives now. Use these as a framework to work against over the next year to boost the performance and success of your business.
- Increase marketing and initiative-based expenses. Marketing is the key driver in growing your business and securing future revenue and cash flow.
- Reduce non-marketing, non-advertising and non-production expenditures. Ask for better deals from suppliers, and reduce the high value expense items, whose absence doesn't damage the business, first.
- Collect from customers straight away. We don't have to do what everyone else is doing and carry out jobs on account. You are entitled to ask for payment on completion, or even in advance.
- Get rid of your obsolete and surplus stock as quickly as possible.

Converting your stock to cash will again free up money available to you in your business.

The new financial year presents the best time for business owners to seek more than just tax advice, and develop a strong working relationship with their accountants. Your accountant has all the information about your business, and is in the best position to help you achieve your performance goals. However, you as the business owner need to be proactive about getting your accountant on board.

• [Mike Clark](#) is the CEO of [TSG Limited](#) ([www.tsg.com.au](#))

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